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SAN LUIS OBISPO COUNTY DEPARTMENT OF PLANNING AND BUILDING

VICTOR HOLANDA, AICP
DIRECTOR

Date: April 14, 2005

To: Planning Commissioners

From: Karen Nall, Senior Planner

Via: John Euphrat, AICP, Long Range Planning Division Manager

Subject: Continued Study Session Regarding the Transfer of Development Credit Program

At your March 10, 2005 Planning Commission meeting, staff provided an overview presentation of the Transfer of Development Credit Program. The Creston Citizens for Ag Land Preservation (CCALP) also provided a presentation to your Commission which included a list of recommended changes to the program. Your Commission continued this item to the April 14, 2005 agenda in order to consider the issues further and to discuss preparing a letter to the Board of Supervisors requesting recommended changes to the TDC program.

After further review of the CCCALP letter, staff is providing your Commission with further information regarding the contents. The following are the recommendations of the CCALP and staff response.

CCALP: Initiate a complete and objective review by individuals not previously associated with the program and which would include consideration of the recommendations of the 2001 Grand Jury.

Response: On May 15, 2001 the Board of Supervisors approved a response to the Grand Jury, which included that the countywide program continue to apply until such time as communities or special focus areas come forward with their own community based programs, as the Nipomo Area Advisory Council voted to do in 2001. Revisions to the program were approved by the Board of Supervisors in August 2004.

CCALP: Establish a 1:1 transfer ratio. No more lots created than protected.

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Response: There are two methods for determining the number of development credits a sending site can generate. The first is based on the maximum number of single family residences allowed on the underlying parcels. The second method is based on the development value of the site.

Using value as a means of determining numbers of credits on sending sites “levels the playing field” for all potential sending sites. This is needed because various parts of the county have properties of differing values and properties that have, or don’t have, underlying legal lots. Determining the number of credits for sending sites received an in-depth review from the Technical Advisory Committee during the development of the TDC ordinance. The committee determined that it was essential that a participating land owner receive back the value of what it is they are giving up.

The current ordinance uses a fixed rate of 1:1 as the ratio and divides the value of the development that is to be retired, by what it is estimated a developer would pay for a credit. The current ordinance uses \$20,000. Staff agrees that this issue should be should be evaluated as part of next years annual review.

CCALP: Land zoned Agriculture should only be considered as sending sites.

Response: The Board of Supervisors recently authorized the processing of amendments to create specific criteria for receiver sites within the Agriculture land use category.

As part of the review of these amendments your Commission will be able to comment to the Board of Supervisors whether land designated Agriculture is appropriate to be used as receiving sites. A draft of these amendments should be to your Commission this summer.

CCALP: Remove 5 mile circle around “village reserve lines”.

Response: The original program allowed for receiver sites within 10 miles of urban reserve lines. Last August, the Board recently approved modifications to the program to only allow receiver sites within 5 miles and added village reserve lines to the existing urban reserve lines. The Board recognized that development should occur near to existing development, and County’s communities in the county are found in both urban and village areas. Your Commission can request that this issue be revisited during next years annual review.

CCALP: Credit prices should move with land prices. Credit prices high enough to encourage sending sites, eliminating the need for bonus credits.

Response: Bonus credits for sending sites were eliminated with the amendments to the program

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last August. Credits prices are determined between the willing seller and willing buyer. The “divisor” in the ordinance that determines the number of sending credits assigned to an individual sending site is recommended for increase when the sales of TDCs shows that the price of a credit is increasing. For instance, when the program was first adopted, the “divisor” was 10,000. This was increased a few years later to 20,000 when the price of credits sold was shown to be higher than the “divisor”. Each year, when the Board receives the annual report on the TDC Program, staff recommends modifications. One of those modifications can be an increase in the amount of the “divisor”. Staff agrees that this issue should be reevaluated. The Commission can recommend that the Board authorize staff to evaluate increasing the “divisor” as part of next years annual review.

CCALP: Implement community based programs, promoting smart development, coordinating with the cities via SLOCOG.

Response: Staff would agree that where community based programs are proposed, we should bring forth the necessary amendments to implement such programs. The county’s program is written so that sending sites within the county can be used within any of the cities where the cities have a program to accept credits. For example, we continue to work with the cities as they update their spheres of influence with LAFCo.

CCALP: Establish procedure and incentives for requiring the use of TDC credits for discretionary development projects.

Response: The countywide program is a voluntary program. The purpose and intent statements in both the General Plan and ordinance state that this program is voluntary, incentive-based, and market -driven. Potential sending and receiving sites that participate in the program do so voluntarily. The only time TDCs have been mandated was in the case of a number of General Plan Amendments that converted property from Agriculture to Residential Suburban and Residential Rural. In these cases, the Board of Supervisors set a base density equal to the density allowed under the previously Agriculture zoning and only allowed development at the density allowed by the new zoning if that increase was done with credits. A community based program could look at mandatory use of credits for up-zonings, for development of commercial projects, for decreasing of required parking, increasing allowed height, etc. The appropriate way to evaluate a mandatory program that looks at applying credits to discretionary development would be a community based program developed by the community.

CCALP: Put a hold on new applications until community based programs are in place. Budget planning staff time to help design and implement effective programs.

Response: Staff is currently only budgeted and authorized to prepare amendments to the

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program that evaluate specialized criteria for Agriculture receiving sites. However, as part of the review of the proposed amendments coming to your Commission this summer, you may request that the Board of Supervisors allocate additional staff time to assist communities with community base programs. In fact, staff would be interested in coordinating a workshop to facilitate discussions with interested communities on this topic.

A number of the items raised in the CCALP presentation are already in place, and others can be considered when the Commission reviews amendments coming to you regarding the program. You can also send further recommendation for any further amendments your Commission feels appropriate at the time of that review.

Attachments:

1. List of Recommendations from CCALP presentation to Planning Commission, March 10, 2005.

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**A Citizen's View
of the
San Luis Obispo County
Transfer Development
Program**

**Prepared for SLO County Planning
Commission March 10, 2005**

Our recommendations:

- Initiate a complete and objective review by individuals not previously associated with the program, and which would include consideration of the recommendations of the 2001 Grand Jury
- Make the following changes to improve the program:
 1. Establish a 1:1 transfer ratio. No more lots created than protected.
 2. Land zoned Agriculture should only be considered as sending sites.
 3. Remove 5 mile circles around "village reserve lines"
 4. Credit prices should move with land price. Credit prices high enough to encourage sending sites, eliminating the need for bonus credits.
 5. Implement community based programs, promoting smart development, coordinating with cities via SLOCOG
 6. Establish procedure and incentives for requiring the use of TDC credits for discretionary development projects
 7. Put a hold on new applications until community based programs are in place. Budget planning staff time to help design and implement effective programs.